

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1798**

February 7, 2014

**SUMMARY OF BILL:** Authorizes franchise and excise (F&E) tax credits equal to \$5,000 for each new full-time employee job created by any business employing at least 250 full-time employees at the time of application for credit, and that has been commercially-domiciled in China for at least three years prior to the time of application. Requires the taxpayer to claim the credit by filing an application in the manner prescribed by the Commissioner of the Department of Revenue and attaching the tentative tax credit certification granted by the Department. Limits the total lifetime F&E tax credits claimed by any taxpayer to \$75,000.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – Exceeds \$50,000**

**Other Fiscal Impact – Additional economic impacts may occur as a result of this bill. However, due to many unknown factors, fiscal impacts directly attributable to secondary economic impacts cannot be quantified with reasonable certainty.**

**Assumptions:**

- The number of companies that would qualify for the proposed F&E tax credits that would otherwise be subject to the F&E tax is unknown. Any impact to state revenue from providing tax credits to such companies will be considered a decrease in revenue.
- The number of companies that would qualify for the proposed F&E tax credits but would not otherwise relocate in Tennessee is unknown. Any impact to state revenue from providing tax credits to such companies will be considered forgone revenue.
- Based on information provided by the Department of Revenue, it is estimated that the recurring decrease in state revenue as a result of this bill will exceed \$50,000.
- It is further estimated that the amount of forgone state revenue will be not significant.
- There could be subsequent impacts to state and local governments as a result of this bill. However, due to many unknown factors, such as the number of additional jobs created as a result of this bill, the average wages for such jobs and spending habits of new job holders, any such impacts cannot be quantified with reasonable certainty.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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